



The Fertiliser Association of India

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Current News

Current news on the latest developments in fertiliser, energy, weather, agriculture, agri-business, logistics, economy, and other related areas

(The views expressed in the news items are not necessarily of FAI)

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WEATHER

IMD denies farmers' allegations on links with seeds, fertiliser firms

In a statement issued on October 14, the IMD said 13 districts in the state have received below normal rainfall while all the others have recorded normal rainfall this year, which was stated in the LRF.

Denying allegations of farmers' welfare organisations regarding links between seed and fertiliser companies at the time of issuance of forecasts, the India Meteorological Department (IMD) Sunday clarified that its forecast for Maharashtra was realised as per the Long Range Forecast (LRF).

Last week, Shetkari Sangharsh Samiti from Beed district had sent a letter to IMD and threatened to lock up its officials on October 15 for alleged inaccurate forecasts issued for the farmers this monsoon. The farmers' welfare group had also alleged that the Met department was favouring companies that sell fertiliser and seeds by issuing forecasts of good rainfall during the monsoon onset phase.

In a statement issued on October 14, the IMD said 13 districts in the state have received below normal rainfall while all the others have recorded normal rainfall this year, which was stated in the LRF.

"Maharashtra, which falls under central India for long range assessments, has received season rainfall within normal range. All the other three subdivisions of Maharashtra received normal rainfall as indicated in the long range of IMD," the statement read.

After the recently concluded southwest monsoon season, rainfall over Marathwada remained 665.4 mm, 22 per cent short of its normal for the season and has been categorised as "deficient". The remaining three subdivisions – Konkan (-1 per cent), Madhya Maharashtra (-9 per cent) and Vidarbha (-8 per cent) – were stated to be under "normal" category.

Source: The Indian Express, Monday, October 15, 2018

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AGRICULTURE

Maharashtra mills gear up to export 15 lakh tonnes of sugar by March 18

With Brazil, Europe and Thailand lowering their production estimates, coupled with depreciation of the rupee, Maharashtra's sugar industry has ramped up efforts to export 15 lakh tonnes of sugar till March.

The central government has also decided to take weekly review of sugar exports as the country plans to export total of 9 million tonnes of sugar in next two years. The government has given mill wise quota to export 50 lakh tonnes of sugar in 2018-19 and extended incentives of Rs 138/tonne of sugarcane. The government will also give transport subsidy for sugar export. Thus the total subsidy available for export of sugar will upto Rs 11/kg of sugar.

A meeting of all the sugar Miller's from Maharashtra, the merchant traders and central government officials was held in Mumbai on Saturday. In the marathon meeting that lasted three hours, Sharad Pawar, de facto leader of srare's sugar industry appealed the millers to grab the golden opportunity with both the hands.

"We can expect large number of export contracts being signed now," said Prakash Naiknavare, managing director, National Federation of Cooperative Sugar Factories. It was decided that a government delegation will visit Thailand Indonesia Malaysia Brazil and China to tap markets traditionally served by Brazil and Thailand.

A committee of high level official will hold a review meeting every Friday at 4 pm to review the exports Industry stakeholders are confident that India will surpass it's earlier record of 29 lakh tonnes of sugar exported in 2005-06.

"There is a golden opportunity for India to export sugar as Brazil and Thailand have reduced their production estimate substantially while Australia will enter the export market only March onwards. The international market is all open for India," said Naiknavare, adding, "We will also have to export 40 lakh tonnes of sugar in 2019-20."

Source: The Economic Times, Monday, October 15, 2018

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UN-backed award for 'fully organic' Sikkim

Sikkim, the country's first fully organic State, won the top prize in a UN-backed award on Friday, with organisers saying its policies had helped more than 66,000 farmers, boosted tourism and set an example to other countries.

The small Himalayan State on the border with Tibet was declared fully organic in 2016 after phasing out chemical fertilisers and pesticides and substituting them with sustainable alternatives.

Sikkim's experience shows that "100 per cent organic is no longer a pipe dream, but a reality," said Maria-Helena Semedo, Deputy Director-General of the Food and Agriculture Organisation (FAO), which co-organises the Future Policy Awards.

The awards have previously honoured policies combating desertification, violence against women and girls, nuclear weapons and pollution of the oceans.

'Excellent example'

This year's was for agroecology, which includes shunning chemicals, using crop residues as compost, planting trees on farms and rotating crops to improve the soil and protect against pests.

Proponents say agroecology could increase farmers' earnings and make farms more resilient to climate change as erratic rainfall and extended dry periods hamper food production. Tourism numbers in Sikkim rose by 50 per cent between 2014 and 2017, according to the World Future Council, another co-organiser. "Sikkim sets an excellent example of how other countries worldwide can successfully upscale agroecology," said Alexandra Wandel, director of the World Future Council.

Source: The Hindu Business Line, Saturday, October 13, 2018

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MSP no relief to farmers, kharif prices rule low

Farmers yet to realise the promised higher-than-production cost support prices.

The government's decision to have higher minimum support price (MSP) for crops does not seem to have addressed the woes of farmers, going by prices of freshly-arrived produce in mandis in various States.

In most mandis across the country, where kharif crops have just started arriving, prices remain muted and below the floor prices announced by the Government in July. Barring cotton, the price of which is around the MSP on account of an anticipated shortfall in production, all agri commodities are lower for farmers.

"Pulses crops and coarse cereals seem to be the worst affected. Their prices are nearly 25 per cent lower than the MSPs announced by the government with much fanfare," said Santveer Singh, a farmer leader from Rajasthan and a national core committee member of Rashtriya Kisan Mazdoor Mahasangh (RKMM). What is the point in having MSP, when the governments have no plans to procure these commodities from farmers, Singh asked.

Agri commodity prices in major mandis (on Oct 12, 2018)

Commodity	Modal price ₹/quintal	MSP ₹/quintal	Arrivals (tonne)	Mandi
Cotton	5,200	5,450	350	Jui (Haryana)
	5,400	5,450	85	Kuber (Telangana)
	5,430	5,450	586	Botad (Gujarat)
	5,600	5,450	550	Bhesan (Gujarat)
Soyabean	2,925	3,399	1000	Karanja (Maharashtra)
	2,985	3,399	950	Mandsaur (MP)
	2,790	3,399	659	Khategaon (MP)
Bajra	1,500	1,950	552	Badikui (Rajasthan)
	1,400	1,950	62	Lingasugur (Karnataka)
Maize	1,325	1,700	469	Davangere (Karnataka)
	1,283	1,700	572	Honnali (Karnataka)
Green gram	4,547	6,975	336	Gadag (Karnataka)
	4,850	6,975	226	Kekri (Rajasthan)
Black gram	3,350	5,600	729	Kota (Rajasthan)
	4,057	5,600	105	Dharwar (Karnataka)

Source: Agmarknet

quantity of notified agricultural commodities, and the farmer is forced to sell the rest of the produce at prices decided by traders. Raj, an engineer-turned farmer leader said, "Since the scheme was launched two years ago, the market prices of the commodities have been falling."

"You can very well imagine what would be the plight of farmers in other parts of the country as the Central government has picked it up as one of three schemes under its umbrella initiative called PM ASHAA," he said.

Source: The Hindu Business Line, Saturday, October 13, 2018

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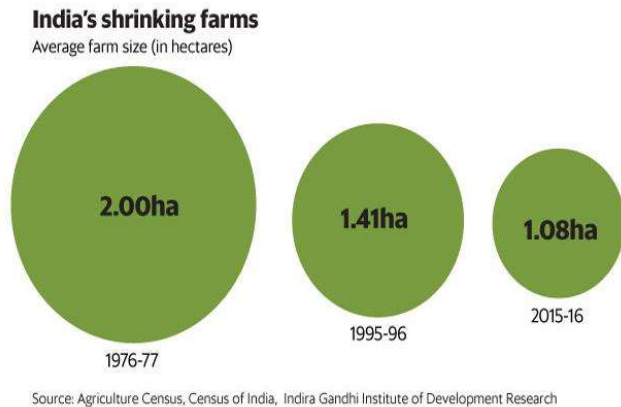
Ashok Tiwari, MP Kisan Sabha secretary, said, "Look at bajra, for which the government claimed it has hiked MSP to 95 per cent over cost of production to ₹1,950 a quintal. In Madhya Pradesh, bajra is being sold at ₹1,200."

Ram Narain Kukeria, a farmer leader from Jabalpur region in MP, said, "The prices are expected to fall further when arrivals pick up after Dussehra and Diwali." Rahul Raj, national president of RKMM youth wing, who is currently leading a state-wide march in MP to highlight the plight of farmers in the State, alleged the *Bhavantar Bhugtan Yojana*, which the current BJP government in the State implemented two years ago helps only the traders, not farmers. Under the scheme, financial assistance (in the form of a price differential between MSP and market price) is extended only on a limited

The land challenge underlying India's farm crisis

With shrinking farm sizes and lack of accurate land records, farmers find it difficult to generate enough income to provide for their households

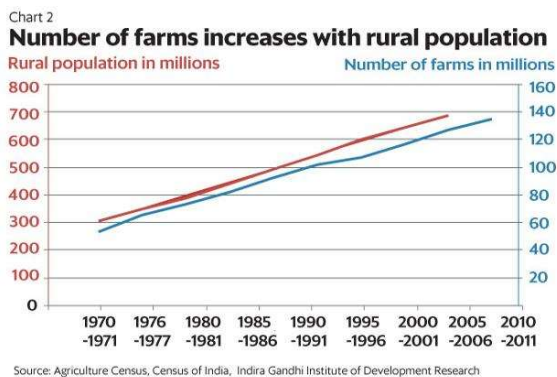
From farm subsidies to farm loan waivers, the Indian government spends crores on farmer welfare, but these efforts will be inadequate unless they can tackle an increasingly daunting barrier: lack of land. The provisional figures from the latest agriculture census reveals how land—the most critical input for agriculture—is getting more fragmented.



Since the first agriculture census over 45 years ago, the number of farms in India has more than doubled from 71 million in 1970-71 to 145 million in 2015-16, while the average farm size more than halved from 2.28 hectares (ha) to 1.08ha (*chart 1*).

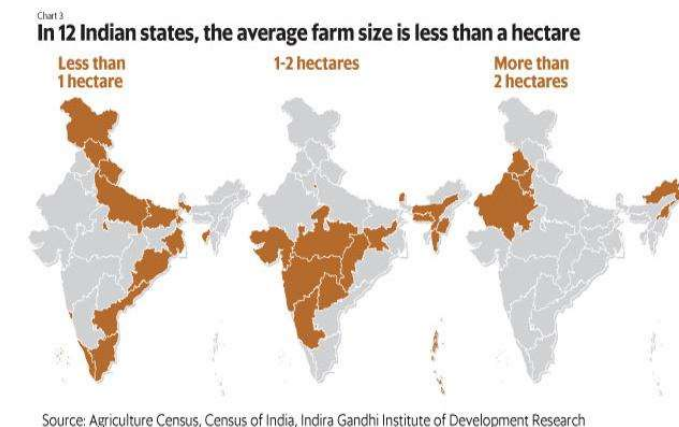
Smaller, more numerous farms have been driven by rural population growth. Between 1970-71 and 2010-11, the number of farms increased by 194%, almost exactly in line with rural population, which increased by 189%. As Ramesh Chand and others pointed out in a 2011 *Economic and Political Weekly* research paper, this relationship is a reflection of India's inheritance pattern, which

leads to farms divided between multiple heirs (*chart 2*).



Within India though, there is significant variation in farm sizes. With an average size of 5ha, Nagaland is home to India's largest farms. Punjab and Haryana, two states known for their agricultural output, also have larger farm sizes (3.6ha in Punjab and 2.2ha in Haryana). However, these are exceptions. The majority of India's farms (86%) are less than 2ha. The bulk of which are located in the poorer states such as Uttar Pradesh and Bihar (*chart 3*).

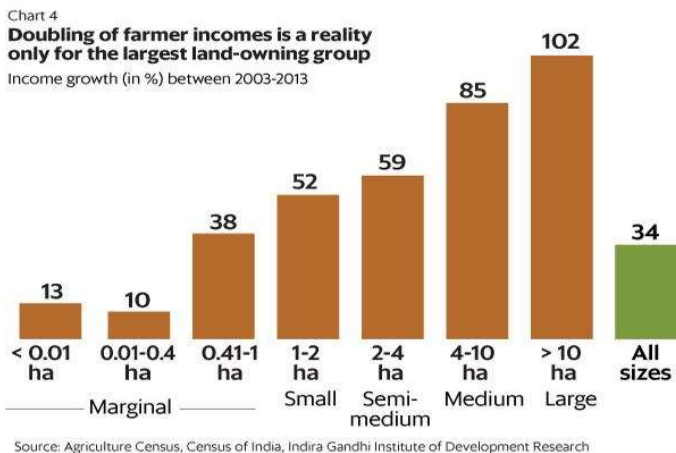
The Indian experience shows that small farmers are more productive than large farmers. Ramesh Chand and others show that small farmers use more inputs (such as fertilizers), use their land more intensely (planting more crops) and adopt more technology. Yet, despite this efficiency, farm incomes remain poor. It is the poor returns to farming—despite intensive efforts put in by farmers—that lie at the root of India's farm crisis, and the recent farm angst.



Given household sizes in rural India, small farms struggle to generate enough income for everyone in a household and often lack alternative sources of income. A 2016 paper by Sanjoy Chakravorty of Temple University, and others, uses the National Sample Survey Office's (NSSO) 2003 and 2013 surveys of farmers to show how farm size is an important determinant of income and, consequently, income inequality.

They find that in 2013, for marginal farmers (less than a hectare of land), household consumption exceeded net monthly income of less than ₹

5,500 from both farming and non-farming activities. Using the 2015-16 census data, this would mean nearly 100 million farming households would struggle to make ends meet. Examining farmer incomes between 2003 and 2013, they find that incomes grew the least for marginal farmers and growth of incomes was proportional to the size of a farm. Doubling of farm incomes is a reality only for the largest land-owning group (*chart 4*).



One obvious solution to small farm sizes will be consolidating land into larger farms by enabling land leasing. However, this can be a complex and costly process, made more difficult by the lack of accurate land records. As a report by PRS Legislative Research has highlighted, land records in India are poorly maintained and do not reflect ground realities. It pointed out that, despite most states computerizing and digitizing land records, as of 2017, spatial data had only been verified in 39% of villages. This is particularly problematic for small farmers who, without accurate land records, cannot access credit or secure insurance.

India's farmers are not alone in these struggles. A 2016 study estimated that around 84% of the world's farms are less than 2ha. While many of these small farms face the same challenges, some small farmers, such as those in China, have been more successful in securing sustainable livelihoods. This is a result of several different factors, but economists agree that improving land records, investing in research and development, providing local rural non-farm employment opportunities and building better rural infrastructure are policies that can help small farmers.

Source: *Live mint*, Monday, October 15, 2018

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ECONOMY

Statsguru: GDP growth to fall from 8.2% in Q1FY19 to 6.9% in Q4FY19

On the impact of rising crude oil prices, the RBI estimates that a 10 per cent increase in crude oil prices pushes the headline inflation rate up by 13 bps

The monetary Policy report 2018 released by the Reserve Bank of India (RBI) provides detailed insights into the state of the economy.

On inflation, it shows that professional forecasters expect the retail inflation rate to fall in the coming months, averaging 4.1 per cent in Q2 and Q3, but rising to 4.5 per cent in Q4FY19 (Chart 1). This projection is largely in line with the RBI's projections. And while the food inflation rate has moderated recently, the RBI finds that the recent trajectory of food inflation has been shaped by vegetables, fruit and pulses rather than cereals (Chart 2).

On the impact of rising crude oil prices, the RBI estimates that a 10 per cent increase in crude oil prices pushes the headline inflation rate up by 13 bps, imparts a 15bps "cost push" inflation and leads to a deterioration in the trade deficit, which via the currency leads to an additional 10 bps increase in the inflation rate (Chart 3). The flip side, though, is that higher oil prices reduce household spending on non-oil items, thereby reducing demand. And as firms are unable to pass on higher prices fully, higher oil prices reduce profits and investments, which in turn reduces aggregate demand, thereby lowering the inflation rate by 5-10 bps.

On growth, the professional forecasters expect GDP growth to fall from 8.2 per cent in Q1FY19 to 6.9 per cent in Q4FY19, recovering thereafter to 7.4 per cent in Q2FY20 (Chart 4). The RBI expects real GDP to grow at 7.6 per cent in FY20 (Chart 5).

And while private consumption has expanded, notwithstanding the subdued growth in rural wages (Chart 6), the contribution of government consumption to growth fell in Q1FY19 (Chart 7). Investment activity remains robust as reflected in indicators such as the import of capital goods as well as strong growth in housing loans (Chart 8), notes the report.

Source: Business Standard, Monday, October 15, 2018

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FOREIGN EXCHANGE RATES – Friday, October 12, 2018

Currency	Buy (₹)		Sell (₹)	
	TT	Bill	TT	Bill
Dollar	73.62	73.65	73.53	73.52
Euro	85.2	85.24	85.13	85.11
Pound Sterling	97.24	97.28	97.15	97.14
100 Yen	65.56	65.58	65.47	65.46

Source: The Hindu Business Line, Saturday, October 13, 2018

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